

## Recommendations to the EIB review of external lending mandate

In line with the large body of evidence which demonstrates that conflict undermines development and that development assistance can increase the risk of conflict:

(1) The EIB's mandate should include a commitment to conflict sensitivity. That is, at the very least, it should not support projects that are likely to exacerbate conflict. Ideally, it should support projects that contribute to building peace.

For the sake of consistency, the mandate could include wording similar to that which appears in the Bank's Environmental and Social Principles and Standards:

**47. Similarly, the EIB does not finance projects that give rise to conflicts or intensify existing conflicts. Additionally, the Bank takes into account that a number of countries where it operates face difficult post-conflict recovery and reconstruction efforts. When financing projects in such fragile states, the Bank is guided by the EU approach.**

(2) The Bank's mandate should include references to EU policy documents that link conflict and development. In line with the Environmental and Social Principles and Standards, this should include:

- Council Conclusions "An EU response to situations of fragility", adopted on November 19, 2007

In addition, it should include reference to:

- Commission Communication, "Towards an EU response to situations of fragility", COM (2007) 643; Council Conclusions on Security and Development, November 2007

The revised mandate should also refer to:

- OECD Principles for Good International Engagement in Fragile States and Situations adopted in April 2007.

(3) In practice, conflict sensitive development involves carrying out rigorous conflict analysis – assessing the risk of conflict and the likely impact of an intervention on conflict dynamics – prior to going ahead with a project or programme.

The Bank's mandate should include a commitment to carry out conflict assessment. In order to reduce the burden on staff, it could develop integrated assessment tools that combine environmental, human rights and conflict assessment. The Bank would need to develop its own, tailored tools, for example for inclusion in its Handbook. Peacebuilding organisations would be interested in working with the Bank on development of conflict assessment/integrated assessment tools. Please see document with resources on conflict analysis.

(4) The Bank's mandate should include adoption of accountability mechanisms which draw on emerging international good practice in the field of accountability. In particular, the OneWorld Trust's Global Accountability Framework is a useful reference point. It covers four dimensions of accountability: transparency, participation, evaluation, complaints and response mechanisms. It sets out clear indicators in each category.

[http://www.oneworldtrust.org/index.php?option=com\\_docman&task=doc\\_view&gid=210&tmpl=component&format=raw&Itemid=55](http://www.oneworldtrust.org/index.php?option=com_docman&task=doc_view&gid=210&tmpl=component&format=raw&Itemid=55)

(5) The Bank's mandate should include a commitment to working with development banks/IFIs to develop common standards and practice on conflict-sensitive investment, i.e. how to use investment to promote peace and prevent violent conflict, as well as methods for ensuring that investment does not increase the risk of conflict. The EBRD and World Bank are separately working on the same topic. It could be very fruitful to bring the various initiatives together. Again, civil society organisations (and UN agencies) would be interested in contributing to such a joint initiative.